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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

At Richmond, MAY 27, 1999

APPLICATION OF

**DELMARVA POWER & LIGHT
COMPANY**

CASE NO. PUE990169

For an Annual Informational Filing

ORDER GRANTING EXTENSION OF TIME

Delmarva Power & Light Company ("Delmarva" or the "Company") was to have filed its Annual Information Filing ("1998 AIF") for the year 1998, on March 31, 1999. By prior Order, the Commission granted the Company's request to extend the time for filing its 1998 AIF from March 31, 1999, to May 14, 1999.

On May 13, 1999, Delmarva filed a motion ("May 13 Motion") requesting a further extension of time to file its 1998 AIF, from May 14, 1999, to June 30, 1999.

On May 14, 1999, the Commission Staff filed a response ("May 14 Response"). Staff stated that it ordinarily would not object to such a request, but this is not an ordinary circumstance. Staff stated that, on July 1, 1999, the Electricity Utility Restructuring Act ("Act"), §§ 56-576 et seq., will become the law of the Commonwealth and, pursuant to the Act, the rates of electric utilities in effect on July 1, 1999, will be capped from that date until July 1, 2007. Staff stated that if it does not examine Delmarva's 1998 AIF, it will not be possible for Staff to determine whether the Company's current rates are the appropriate rates to be capped, as required by the Act. Staff further stated that it would not be in the public interest, nor in the spirit of the law, to permit unreasonable and unjust rates to be capped.

Therefore, Staff opposed the Company's request for an extension of time to file its 1998 AIF unless the Company would agree to one of two conditions. The first condition is that the Company agree that the current rates are interim and subject to adjustment, based on the results

of the AIF. Alternatively, Staff proposed that if its analysis of Delmarva's 1998 AIF shows that the Company's earnings are above the currently-authorized rate of return, the current rates will immediately be made interim subject to adjustment and the Company will file a rate application within 90 days following the date the interim rates become effective.

On May 18, 1999, Delmarva filed a letter stating that it believes that the second alternative proposed by the Staff is the most practicable. By its attorney, Delmarva commits, if Staff's analysis of its 1998 AIF determines that the Company's earnings are above its currently-authorized rate of return, that the rates then in effect will be made interim, subject to adjustment, and the Company will file a rate application within 90 days. Delmarva states that the rates resulting from that application would be the Company's "capped rates," notwithstanding the fact that those rates would not have been in effect on July 1, 1999. Delmarva notes Staff's recognition in its May 14 Response that the Company retains the option to file a rate application should its 1998 AIF reveal that the Company is underearning its authorized rate of return.

NOW THE COMMISSION, having considered the matter, is of the opinion that, given Delmarva's acceptance of the aforesaid condition, its request to extend the time for filing its 1998 AIF is reasonable and should be granted. Therefore, we will extend the date by which the Company must file its 1998 AIF for the year 1998 to June 30, 1999. We note that, should the Staff ultimately determine that the Company's overearnings exceed its currently-authorized rate of return, we will hold Delmarva to its commitment to deem its current rates interim and to file a new rate application within 90 days following the date of interim rates. If a new application is filed, the rates resulting from that proceeding, whether such rates are higher or lower than Delmarva's current rates, will be the Company's capped rates under the Act. Accordingly,

IT IS ORDERED THAT:

(1) Delmarva's motion for an extension of time, until June 30, 1999, to file its 1998 AIF be and hereby is granted, based on the Company's agreement to the condition described herein.

(2) The matter be continued generally subject to continued review, audit, and appropriate directive of the Commission.